IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

CASSANDRA J. MOLLETT et al.

Serial No.: 09/474,671

Filed: December 29, 1999

For: System and Method of Approving a Limit of Check Cashing Over Time

Attorney Docket No.: FDC 0149 PUS

Group Art Unit: 3627

Examiner: Andrew J. Rudy

APPEAL BRIEF

Mail Stop Appeal Brief - Patents
Commissioner for Patents
U.S. Patent & Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

This is an appeal brief from the final rejection of claims 1-6, 8 and 9 of the Office Action dated May 27, 2003. This application was filed on December 29, 1999.

I. REAL PARTY IN INTEREST

The real party in interest is First Data Corporation, a corporation organized and existing under the laws of the state of Delaware, and having a place of business at 401 Hackensack Avenue, Hackensack, New Jersey, 07601, as set forth in the assignment recorded in the U.S. Patent and Trademark Office on April 21, 2000, at Reel 010779/Frame 0846.

II. RELATED APPEALS AND INTERFERENCES

There are no appeals or interferences known to Appellants, the Appellants' legal representative, or Assignee which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

III. STATUS OF CLAIMS

Claims 1-6, 8 and 9 are pending in this application. Claims 1-6, 8 and 9 have been rejected and are the subject of this appeal.

IV. STATUS OF AMENDMENTS

No amendment after final rejection has been filed.

V. SUMMARY OF THE INVENTION

Checks are frequently used as a method of payment. Merchants attempt to protect themselves from check writers with a negative history of writing checks that have been returned for insufficient funds. Generally, the check writer provides a written check to be cashed to a teller or merchant who types in or swipes the check and may also enter additional information. This information is transmitted to a host database computer to perform a risk analysis. Several parameters may be analyzed, including time of day, date, check number, amount to be cashed, credit rating of the check writer, and the like. Based on a predetermined rating format, the check is either approved or denied.

Such systems provide only an approval or denial of the check. The check writer is provided with no information to gauge how much, if any, a merchant would be willing to cash. In some instances, the merchant may have approved a lesser amount. Likewise, in

situations where the check writer has been approved for a particular amount, the merchant might have approved the check for a greater amount.

Because the check writer is unaware of how much, if any, a merchant would be willing to cash, time is unnecessarily consumed. In many situations, especially in entertainment atmospheres such as casinos, a check writer may cash a check for an amount less than what he would have liked and less than what the merchant would have approved. As a result, the check writer frequents the cashiers desk more often than if he had initially cashed his check at a higher amount. In addition, the check writer might leave the casino to attempt to cash a check elsewhere, resulting in loss of business for the merchant. Yet another problem occurs if the check writer is denied in front of others, potentially resulting in unnecessary embarrassment. If the check writer could be provided with a check cashing limit over a period of time, these problems could be reduced or eliminated.

The present invention provides a solution through a method of approving a money limit of check cashing for a time period during which a check writer may cash checks up to the limit. With regard to Figure 2, historical check writing information for each of a plurality of check writers is stored, as in block 112. Identification information to access respective check writing information of the check writer is received, as in block 114. The respective check writing information is processed to determine a score for the check writer, as in block 116. The check writer is classified in a predetermined category based on the score, as in block 118. An exemplary set of classifications is illustrated in Figure 3. The money limit over the time period during which the check writer may cash checks up to the money limit is determined based on the category in which the check writer is classified, as in block 120.

VI. ISSUES

1.   Whether claims 1-6, 8 and 9 are properly rejected under 35 U.S.C. § 101.

2.   Whether claim 8 is properly rejected under 35 U.S.C. § 112, second paragraph.

3.   Whether claims 1-6, 8 and 9 are properly rejected under 35 U.S.C. § 103(a) over U.S. Patent No. 5,679,940 to Templeton *et al.*

VII. GROUPING OF CLAIMS

Group A: Claims 1, 2 and 4-6 are grouped to stand or fall together.

Group B: Claim 3 stands alone.

Group C: Claim 8 stands alone.

Group D: Claim 9 stands alone.

VIII. ARGUMENT

Claims 1-6, 8 and 9 are pending in this application. The Examiner rejected claims 1-6, 8 and 9 under 35 U.S.C. § 101 as directed to non-statutory subject matter. The Examiner rejected claim 8 under 35 U.S.C. § 112, second paragraph, as being indefinite. The Examiner rejected claims 1-6, 8 and 9 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,679,940 to Templeton *et al.* (Templeton). Applicants respectfully disagree with the Examiner's rejections based on the arguments presented below.

1. Whether Claims 1-6, 8 and 9 Are Properly Rejected Under 35 U.S.C. § 101

The Examiner rejected claims 1-6, 8 and 9 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Independent claim 1 provides a method of approving a money limit of check cashing including, *inter alia*, storing check writing information, processing the information to determine a score and determining a money limit. Independent

claims 8 and 9 provide methods of check cashing including, *inter alia*, establishing a cash limit, receiving a request to cash a check and conditionally approving the request.

Under the Patent Act, a discovery or invention may be patented, subject to other requirements, if it is a new and useful process, machine, manufacture, or composition of matter. 35 U.S.C. § 101. Process is defined to include a method. 35 U.S.C. § 100. Appellants' methods for check cashing are new and useful processes as defined.

Over the years, courts have restricted the language of 35 U.S.C. § 101 to prevent patenting certain classes of "discoveries." These classes have recently been shrunk by Supreme Court and Federal Circuit opinions to include printed matter, naturally occurring phenomenon, and bare assertions of scientific principles. (*See*, M.P.E.P. § 706.03(a).) Appellants' methods for check cashing is not printed matter, naturally occurring phenomena or mere statements of a scientific principle.

The Examiner has put forth, without citation, the following test for statutory subject matter:

(1)   whether the invention is within the technological arts; and

(2)   whether the invention produces a useful, concrete, and tangible result.

Without agreeing that this is the proper test for statutory subject matter, Appellants believe claims 1-6, 8 and 9 meet these two requirements.

Appellants' invention deals with processing checks. Processing checks is unquestionably within the technological arts.

Appellants' invention also produces useful, concrete, and tangible check cashing information. In particular, claim 1 provides for a determining a score based on check cashing information, classifying the check writer based on this score and determining a money limit based on this classification. Claims 8 and 9 provide for determining an amount of cash over a time period and basing a check cashing approval on this amount.

The Court of Appeals for the Federal Circuit has stated that "the mere fact that a claimed invention involves inputting numbers, calculating numbers, outputting numbers, and

storing numbers, in and of itself, would not render it nonstatutory subject matter, unless, of course, its operation does not produce a 'useful, concrete and tangible result.'" *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d 1368, 1374 (Fed. Cir. 1998), *cert. denied*, 119 S. Ct. 851 (1999). In *State Street*, the invention accepted only numerical input and produced only numerical results. The Court described the invention thusly:

> Today, we hold that the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces a "useful, concrete and tangible result" -- a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities in subsequent trades.
> *State Street*, 149 F.3d at 1373.

It is difficult to imagine how the financial input and output data in *State Street* is substantially different in kind than Appellants' check cashing information. Therefore, Appellants' invention produces useful, concrete and tangible results.

The claims in *State Street* were directed to a system. Perhaps the Examiner believes that the category of a claim has relevance in determining whether or not that claim is statutory under § 101. In *State Street*, the Court indicated that "for the purposes of § 101 analysis, it is of little relevance whether [the claim] is directed to a 'machine' or a 'process'..." *State Street*, 149 F.3d at 1372. The Federal Circuit has further strengthened this concept. "Whether stated implicitly or explicitly, we consider the scope of § 101 to be the same regardless of the form – machine or process – in which a particular claim is drafted." *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 1357 (Fed. Cir. 1999).

Appellants believe that claims 1-6, 8 and 9 address statutory subject matter and respectfully request that the Board so hold.

2. Whether Claim 8 Is Properly Rejected Under 35 U.S.C. § 112, Second Paragraph

The Examiner rejected claim 8 under 35 U.S.C. § 112, second paragraph, as being indefinite. In the final Office Action, the Examiner did not state what he believed was the cause of the indefiniteness in claim 8. Rather, the Examiner referred to an earlier Office Action. Appellants believes the following to be what was referenced by the Examiner[1]:

> From line 10, "the time period" lacks antecedent basis (is it the "one time period" from line 2 or "each of the at least one time period" from lines 5 or 8). As is, it is not clear what is being referenced.

Claim 8 is reproduced, with line numbers for reference and with the words indicated by the Examiner as problematic highlighted, as follows:

1   8.   A method of check cashing comprising:

2   establishing a cash limit for a check writer for at least one time period;

3   receiving a request to cash a check written for a specified amount and

4   written by the check writer;

5   for each of the at least one time period, determining a total amount of

6   cash from check writer checks cashed during an immediately preceding time equal

7   to the time period; and

8   approving the request if, for each of the at least one time period, the

9   total amount of cash from check writer checks cashed plus the specified amount is

10   less than the cash limit for *the time period*.

Line 2 provides for establishing a cash limit for at least one time period. The element beginning on line 5 provides that, for each of the at least one time period, a determination of

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[1]Appellants noted this uncertainty in their response to the final Office Action, mailed July 25, 2003. Appellants also provided substantially the same argument as presented in this Appeal Brief. In the Advisory Action mailed August 7, 2003, the Examiner did not clarify the uncertainty or address the arguments.

a total amount is made. The element beginning on line 8 provides for approval if, for each of the at least one time period, the total amount plus a specified amount is less than a cash limit *for the time period*. Thus, the clause beginning on line 8 provides for using the total amount and cash limit for each time period to calculate an approval for that period. The check cashing request is approved only if the approval condition for each period is met.

Appellants believe claim 8 is not indefinite and respectfully request that the Board so hold.

3. Whether Claims 1-6, 8 and 9 Are Properly Rejected Under 35 U.S.C. § 103(a)

The Examiner rejected claims 1-6, 8 and 9 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,679,940 to Templeton *et al.* (Templeton). The Examiner's entire basis for rejecting these claims is reproduced as follows:

> Templeton discloses, e.g., Figure 1, a method using a computer for determining whether to collect form check writers from data comprising a negative file 85, a positive file 87 containing identification information and a credit risk scoring algorithm 90, e.g. cols. 12-14. Templeton does not specifically indicate a time period, but does indicate that the negative file 85 is "continuously updated" (col. 12, line 59) and that the positive file 87 is used (col. 13, lines 18-34) to determine suitability of cashing a check. Templeton inherently contains categories to ascertain whether a check will be honored or not. It is common knowledge and well known in the art that various specified time periods are used by financial institutions when assessing whether or not to cash a check. To have provided various specified time periods for Templeton would have been obvious to one of ordinary skill in the art. Doing such would use well known time period factors to provide a more complete and updated database for risk assessment. To have provided the negative file to comprise a scrubbed file would have been obvious to one of ordinary skill in the art as scrubbed files are well known in the art.

A. Claims 1, 2 and 4-6 are patentable over Templeton

Independent claim 1 provides a method of approving a money limit of check cashing for a time period during which a check writer may cash checks up to the limit. Historical check writing information for a plurality of check writers is stored. Identification information for accessing the check writing information for a check writer is received. The respective check writing information is processed to determine a score for the check writer. The check writer is classified in a predetermined category based on the score. The money limit is determined based on the category in which the check writer is classified, the money limit specifying the check cashing limit over the time period.

The Examiner admitted that Templeton "does not specifically indicate a time period." This is true. Templeton's disclosure does not indicate basing any checking function on any time period whatsoever.

Templeton discloses declining a check if information associated with a customer is in a negative file. If not, the check may still be declined based on a risk scoring algorithm, as provided in column 13, line 58, through column 14, line 17, as follows:

> If the check has not been declined based on data from the negative file 85, the authorization host computer 35 will apply a credit risk scoring algorithm (represented by the predictive modeling system 90) to the available data in order to determine the likelihood or probability that the check will be good. The available data will include the data provided by the merchant and any positive file data retrieved by the host computer. *In addition, the scoring algorithm may consider other variables, such as the time of day, the day of the week, merchant history, etc.*
>
> Credit risk scoring algorithms will be familiar to those skilled in the art. Such algorithms are developed to take into account those pieces of available data that have been determined to be statistically significant to a determination of the likelihood or probability that a particular check will be returned unpaid to the merchant. For each check presented, the risk scoring algorithm is capable of assigning a value that indicates that check's relative safety when compared to all other checks that have been evaluated. Although risk scoring algorithms are known in general, those skilled in the an will appreciate that the details of most

> algorithms, including the data considered and the weight given various data, are considered proprietary by their owners and, therefore, are treated as confidential business information.
>   *The result of the scoring algorithm is a normalized transaction score that indicates the probability that the check will be good.*

Templeton is concerned only with determining whether or not the presently submitted check will be approved. Templeton does not teach or suggest approving a check cashing limit over a time period.

The Examiner attempts to make up for the fact that Templeton has nothing whatsoever to do with approving a check cashing limit over a time period by providing the following argument:

> It is common knowledge and well known in the art that various specified time periods are used by financial institutions when assessing whether or not to cash a check. To have provided various specified time periods for Templeton would have been obvious to one of ordinary skill in the art. Doing such would use well known time period factors to provide a more complete and updated database for risk assessment.

There are several fundamental problems with the Examiner's reasoning.

First, Appellants' claim 1 does not use time periods for determining whether or not to cash a check. Instead, claim 1 provides for determining a check cashing limit over a time period. These are not the same. Thus, even if the Examiner is correct, the Examiner has not produced a disclosure for each element of Appellants' claim 1.

Second, if such time periods are so well known, why has the Examiner failed to produce even one such reference? By not providing a reference, the Examiner robs Appellants of the ability to properly form an argument rebutting obviousness or to narrow the claims around the prior art. This is why the Examiner must establish a *prima facie* case before burden shifts to the Appellants — something the Examiner has clearly failed to do here.

Appellants believe that the Examiner has failed to establish a *prima facie* case of obviousness with regard to claim 1. Claims 2-6 depend from claim 1 and are, therefore, also patentable over the cited art.

B. Claim 3 is patentable over Templeton

Claim 3, which depends from claim 1, further provides for representing the respective check writing information within a plurality of numeric parameters. Each of these parameters are incorporated within at least one calculation to determine a subscore for each of the parameters. The score is determined by adding the subscores.

The Examiner made no attempt to justify rejecting claim 3. There is no mention in any Office Action or the Advisory Action of a teaching or suggestion of determining subscores or of adding such subscores to determine a score. It is axiomatic that a *prima facie* case cannot be established unless the claim limitations are at least discussed in some manner.

Claim 3 should be considered separately from claim 1 because, even if claim 1 is not patentable, no art of record teaches or suggests Appellants' determination of the score based on subscores.

C. Claim 8 is patentable over Templeton

Independent claim 8 provides a method of check cashing. A cash limit is established for a check writer for at least one time period. A request to cash a check written for a specified amount and written by the check writer is received. For each of the time periods, a total amount of cash from check writer checks cashed during an immediately preceding time equal to the time period is determined. The request is approved if, for each of the time periods, the total amount of cash from check writer checks cashed plus the specified amount is less than the cash limit for the time period.

The Examiner rejected claim 8 as obvious over Templeton, but admitted that Templeton "does not specifically indicate a time period." To make up for this lack of disclosure, the Examiner states that Templeton's "negative file 85 is 'continuously updated' (col. 12, line 59) and that the positive file 87 is used (col. 13, lines 18-34) to determine suitability of cashing a check." Templeton's updating of the negative file is described in column 13, lines 18-34, as follows (emphasis added):

-11-

> The host computer 35 then accesses the negative file 85, which contains bad check data that has been accumulated by the check acceptance service. This data may be accessed using the customer's checking account number, drivers license number, or other transaction data. The negative file 85 includes data indicating that previous checks tendered by the customer were returned for some reason, and have not be collected. If the customer's drivers license number or checking account is located in the negative file, the host computer will typically return an authorization indicia to the transaction terminal 15 indicating the check should be declined. *In some cases, the authorization host computer will request additional transaction data from the merchant prior to declining the transaction. Data such as a current phone number, address, etc. may assist the check acceptance service if it is involved in efforts to collect the customer's previous bad checks.*

The real-time updating information in the passage cited by the Examiner is used to track down check bouncers. This is unrelated to Appellants' check cashing approval based on an amount cashed for a time period.

The Examiner provides the further support that Appellants' invention is obvious over Templeton:

> It is common knowledge and well known in the art that various specified time periods are used by financial institutions when assessing whether or not to cash a check. To have provided various specified time periods for Templeton would have been obvious to one of ordinary skill in the art. Doing such would use well known time period factors to provide a more complete and updated database for risk assessment.

Appellants are not attempting to patent the general use of time periods in assessing check cashing risks. Claim 8 provides that a request will be approved if, for each time period being considered, the total amount cashed during a preceding time equal to the time period plus the amount specified in a cash request is less than that period's cash limit. Nowhere in the reasons for rejecting the claims does the Examiner mention a preceding time period let alone discuss how such a period might be used to approve check cashing. Nowhere does the Examiner mention cash limits based on time periods.

The Examiner has failed to establish a *prima facie* case that claim 8 is obvious in view of Templeton by not even bothering to list Appellants' claim limitations, let alone find some teaching or suggestion for these limitations.

Claim 8 should be considered separately from claims 1-6 since these claims do not provide for approving a check cashing request if, for each time period being considered, the total amount cashed during a preceding time equal to the time period plus the amount specified in a cash request is less than that period's cash limit. Thus, even if the Board finds claims 1-6 obvious over Templeton, claim 8 is still patentable.

D. Claim 9 is patentable over Templeton

Independent claim 9 provides a method of check cashing. For each of a plurality of time periods, a cash limit for a check writer is established. A request to cash a check written for a specified amount and written by the check writer is received. A total amount of cash from check writer checks cashed during an immediately preceding time equal to the time period is received. The request is approved if the total amount of cash from check writer checks cashed plus the specified amount is less than the cash limit.

Although different in scope, claim 9 contains limitations similar to those of claim 8. The Examiner rejected claims 8 and 9 using the same argument. For the reasons stated above with regard to claim 8, claim 9 is patentable over Templeton. Templeton neither teaches nor suggests approving a request to cash a check if the total amount of cash from check writer checks cashed during an immediately preceding time equal to a time period plus the amount specified in the request is less than the cash limit for the time period.

Claim 9 should be considered separately from claims 1-6 since these claims do not provide for approving a request to cash a check if the total amount of cash from check writer checks cashed during an immediately preceding time equal to a time period plus the amount specified in the request is less than the cash limit for the time period. Thus, even if the Board finds claims 1-6 obvious over Templeton, claim 9 is still patentable. Claim 9 should

be considered separately from claim 8 since claim 8 was rejected as being indefinite. Thus, even if claim 8 is determined to be indefinite, claim 9 is patentable.

E. Scrubbed File?

In rejecting claims 1-6, 8 and 9 as obvious over Templeton, the Examiner provided the following justification:
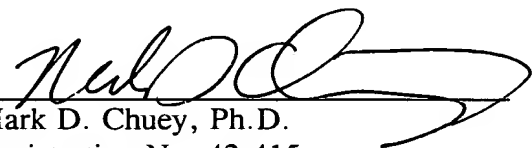
> To have provided the negative file to comprise a scrubbed file would have been obvious to one of ordinary skill in the art as scrubbed files are well known in the art.

Appellants note that neither the present application nor Templeton mention a "scrubbed file."

The fee of $320 as applicable under the provisions of 37 C.F.R. § 1.17(c) is enclosed. Please charge any additional fee or credit any overpayment in connection with this filing to our Deposit Account No. 02-3978. A duplicate of this notice is enclosed for this purpose.

Respectfully submitted,

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Enclosure - Appendix

IX. APPENDIX - CLAIMS ON APPEAL

1   1.   A method of approving a money limit of check cashing for a

2   time period during which a check writer may cash checks up to the limit, the check

3   writer one of a plurality of check writers, the method comprising:

4   storing historical check writing information for the plurality of check

5   writers;

6   receiving identification information to access respective check writing

7   information of the check writer;

8   processing the respective check writing information to determine a

9   score for the check writer presenting a check based on the respective check writing

10   information;

11   classifying the check writer in a pre-determined category based on the

12   score; and

13   determining the money limit over the time period during which the

14   check writer may cash checks up to the money limit based on the category in which

15   the check writer is classified.

1   2.   The method of claim 1 further comprising:

2   declining approval of the check writer to cash checks for the time

3   period if the check writer is classified in one category; and

4   approving the check writer to cash checks for the limit over the time

5   period if the check writer is classified in another category.

1   3.   The method of claim 1 wherein processing comprises:

2   representing the respective check writing information within a plurality

3   of numeric parameters;

4   incorporating each of the parameters within at least one calculation to

5   determine a subscore for each of the parameters, the subscore being indicative of

6   collectibility of the check writer; and

7   adding the subscores to determine the score.

1   4.   The method of claim 1 wherein the category in which the check

2   writer is classified is a range within a plurality of set ranges of scores.

1   5.   The method of claim 1 further comprising:

2   storing the determined money limit and a remaining limit for the time

3   period, the remaining limit being equal to the determined money limit minus the

4   amount of cashed checks by the check writer during the time period;

5   determining whether the check writer has any outstanding returned

6   checks; and

7   declining the check writer if the check writer has any outstanding

8   returned checks.

1   6.   The method of claim 5 further comprising:

2   receiving a transaction amount if the received identification

3   information is within a predetermined time, the transaction amount being an amount

4   for check cashing;

5   comparing the transaction amount with the remaining limit;

6   determining whether the remaining limit is zero, if the transaction

7   amount is greater than the remaining limit;

8   declining the check writer, if the remaining limit is zero; and

9   approving the check writer with the remaining limit, if the remaining

10   limit is not zero or if the transaction amount is less than or equal to the remaining

11   limit.

1   8.   A method of check cashing comprising:

2   establishing a cash limit for a check writer for at least one time period;

3   receiving a request to cash a check written for a specified amount and

4   written by the check writer;

5   for each of the at least one time period, determining a total amount of

6   cash from check writer checks cashed during an immediately preceding time equal

7   to the time period; and

8   approving the request if, for each of the at least one time period, the

9   total amount of cash from check writer checks cashed plus the specified amount is

10   less than the cash limit for the time period.

1   9.   A method of check cashing comprising:

2   for each time period in a plurality of time periods, establishing a cash

3   limit for a check writer;

4   receiving a request to cash a check written for a specified amount and

5   written by the check writer;

6   determining a total amount of cash from check writer checks cashed

7   during an immediately preceding time equal to the time period; and

8   approving the request if the total amount of cash from check writer

9   checks cashed plus the specified amount is less than the cash limit.